

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** RICK STERLING

**DATE:** MARCH 12, 2013

**RE:** IDAHO POWER'S COMPLIANCE FILING TO UPDATE SCHEDULE 89;  
CASE NO. IPC-E-12-28, ORDER NO. 32758.

On March 11, 2013, Idaho Power Company filed a revised Schedule 89, Unit Avoided Energy Cost for Cogeneration and Small Power Production, pursuant to Order No. 32758. In that recent decision, the Commission ordered that Schedule 89 should have been updated on June 1, 2010. The effect of the retroactive change in the Schedule 89 rate will be refunds to approximately 43 impacted PURPA contracts. Collectively, the refunds will be approximately \$2.35 million. The Commission also ordered that Idaho Power, on a prospective basis, should update Schedule 89 each time net power supply expense in base rates changes.

The proposed rate in Schedule 89 is based on fuel and variable O&M costs of Idaho Power's Valmy plant. The source for the fuel component of the rate is the AURORA net power supply results from Case No. IPC-E-10-01. The source for the variable O&M costs is booked O&M costs for Valmy for 2009.

Staff has reviewed Idaho Power's computation of the Schedule 89 rate. Staff believes the computations are correct and in compliance with Order No. 32758. Staff recommends that the proposed Schedule 89 be approved with an effective date of June 1, 2010.

### COMMISSION DECISION

Does the Commission wish to approve Schedule 89 with an effective date of June 1, 2010?

  
Rick Sterling

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SCHEDULE 89  
UNIT AVOIDED ENERGY COST  
FOR COGENERATION AND SMALL  
POWER PRODUCTION

AVAILABILITY

Service under this schedule is available in the service territory of Idaho Power Company in the State of Idaho.

APPLICABILITY

Service under this schedule is applicable to any Seller who owns or operates a Qualifying Facility supplying the Company with both Capacity and Energy under Option 3 or 4 of a Power Sales Agreement.

DEFINITIONS

Capacity means the ability of the facility to generate electric power, expressed in kW, less station use and less step-up transformation losses to the high voltage bus at the generator site.

Cogeneration Facility means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating or cooling purposes, through the sequential use of energy.

Company means the Idaho Power Company.

Qualifying Facility or Facility means a Cogeneration Facility or a Small Power Production Facility which meets the criteria for qualification set forth in Subpart B of Part 292, Subchapter K, Chapter I, Title 18, of the Code of Federal Regulations.

Seller as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity that owns or operates a Qualifying Facility.

Small Power Production Facility means the equipment used to produce electric energy solely by the use of biomass, waste, solar power, wind or any other renewable resource.

MONTHLY PAYMENTS

The Company will compensate the Seller for the energy delivered and accepted each month under the terms of the Power Sales Agreement at the following rate:

3.462¢ per kWh for all kWh